

## Message Text

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TAGS: PINT, ELAB, UK  
SUBJECT: BRITISH ELECTIONS: THE //UNIONS AND THE GENERAL  
ELECTION

REF: LONDON 10034

SUMMARY: THIS IS THE SECOND IN A SERIES OF REPORTS THAT  
WILL EXAMINE VARIOUS ASPECTS OF THE ANTICIPATED FALL  
GENERAL ELECTION. BRITISH TRADE UNIONS ARE CLOSELY  
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LINKED WITH THE LABOR PARTY, AND THEIR LEADERS WILL BE  
MAKING A CONCERTED EFFORT TO SEE THAT LABOR IS RETURNED  
TO POWER, THOUGH THEY WILL GENERALLY NOT INTERVENE  
DIRECTLY IN THE ELECTION CAMPAIGN. THERE ARE SEVERAL  
ISSUES -- PAY POLICY, UNEMPLOYMENT. ECONOMIC POLICY AND  
LABOR RELATIONS -- IN WHICH THE UNIONS HAVE SPECIAL  
INTERESTS AND WHERE THEIR BEHAVIOR MAY HAVE A SIGNIFICANT

EFFECT ON THE ELECTORAL OUTCOME. ALTHOUGH TUC SPOKESMEN WILL STRESS THEIR DESIRE TO COOPERATE WITH THE NEXT GOVERNMENT, WHICHEVER PARTY WINS THE ELECTION. THEIR CLEAR PREFERENCE FOR LABOR WILL INFLUENCE THE SHAPE OF THE CAMPAIGN. AT THIS POINT, THERE ARE STILL UNRESOLVED DIFFERENCES BETWEEN THE GOVERNMENT AND THE UNIONS ON THE QUESTION OF A FURTHER ROUND OF WAGE RESTRAINT, BUT SOME KIND OF INFORMAL ACCOMMODATION SEEMS LIKELY AND IT WILL PROBABLY BE AN ELECTORAL ADVANTAGE FOR THE GOVERNMENT. THE UNIONS, WHILE CONCERNED ABOUT CURRENT UNEMPLOYMENT LEVELS, TEND TO BE UNDERSTANDING OF THE CONSTRAINTS FACING THE GOVERNMENT ON THIS ISSUE AND FEAR A CONSERVATIVE ADMINISTRATION WOULD BE LESS SYMPATHETIC TO THEIR CONCERNS. ON GENERAL ECONOMIC POLICY MATTERS, BOTH GOVERNMENT AND UNIONS WILL BE SEEKING NEW ARRANGEMENTS TO REINFORCE THE "SOCIAL CONTRACT" AND INCREASE THEIR COOPERATION. IN THIS AREA TOO UNION LEADERS BELIEVE THE TORIES WOULD BE LESS SYMPATHETIC TO THEIR CONCERNS. BUT THE INDUSTRIAL RELATIONS ISSUES MAY HAVE THE GREATEST POTENTIAL TO AFFECT VOTER PERCEPTIONS AND HENCE THE ELECTION RESULT, BECAUSE IT IS IN THIS AREA THAT THE CONSERVATIVES APPEAR MOST VULNERABLE. END SUMMARY.

1. AS THE LIKELIHOOD OF AN AUTUMN GENERAL ELECTION INCREASES (REFTEL AND PREVIOUS), IT SEEMS APPROPRIATE LIMITED OFFICIAL USE

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TO EXAMINE THE ROLE OF TRADE UNIONS IN THE RUN-UP TO THE ELECTION AND THE PRINCIPAL ISSUES WHICH ARE OF CONCERN TO THE UNIONS. THE PRIMARY OBJECTIVE OF BRITISH UNION LEADERS IS TO SEE LABOR RETURNED TO POWER. THE TRADE UNIONS FOUNDED THE LABOR PARTY, CONTINUE TO PROVIDE MOST OF ITS OPERATING FUNDS AND GENERALLY MAINTAIN A CLOSE, IF NOT SYMBIOTIC, RELATIONSHIP WITH IT. CURRENTLY, THIS TRADITIONAL IMPERATIVE IS INTENSIFIED BY THE BELIEF AMONG NEARLY ALL UNION LEADERS THAT LABOR'S DEFEAT WOULD MEAN THE FORMATION OF A RIGHT-WING CONSERVATIVE GOVERNMENT WHICH WOULD REAP THE BENEFIT OF THE COOPERATION THE TUC HAS GIVEN THE LABOR GOVERNMENT OVER THE PAST FOUR YEARS, AS WELL AS THE FUTURE BENEFITS OF NORTH SEA OIL. BUT AGAINST THIS BACKGROUND UNION LEADERS FACE OTHER, OFTEN CONFLICTING, CONSTRAINTS ON THEIR ACTIONS. WHILE THEY NEED TO EMPHASIZE THEIR SPECIAL RELATIONSHIP WITH THE LABOR GOVERNMENT, ITS OVER-EMPHASIS ALSO POSES PROBLEMS. UNIONS CONTAIN INDIVIDUALS AND FACTIONS SEVERELY CRITICAL OF THE EXTENT TO WHICH THEIR LEADERS HAVE SACRIFICED THEIR PERCEIVED ECONOMIC INTERESTS FOR THE PARTY'S POLITICAL ADVANTAGE. THESE CRITICS REPRESENT BOTH LEFT- AND

RIGHT-WING VIEWS AND WOULD LIKE TO SEE THEIR LEADERS  
OUT OF DOWNING STREET, FREEING THE UNIONS FROM POLITICAL  
RESTRAINT. THERE IS ALSO A LARGE NUMBER OF VOTERS,  
MANY OF THEM UNION MEMBERS, WHO BELIEVE THE UNIONS

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ALREADY EXERCISE TOO MUCH POWER OVER THE GOVERNMENT  
AND THE NATION. THUS, OVER-EMPHASIS OF THE TUC/LABOR  
PARTY LINK THREATENS BOTH INTERNAL UNION COHESION AND  
POTENTIAL POLITICAL SUPPORT.

2. TO ACCENTUATE THE POSSIBLE INABILITY OF A TORY  
GOVERNMENT LED BY MRS. THATCHER TO WORK IN HARMONY  
WITH THE UNIONS IS TO RISK ALIENATION OF POTENTIAL  
LABOR SUPPORTERS CONCERNED ABOUT THE POLITICAL POWER  
OF THE UNIONS. AND EVEN VEILED HINTS -- AS HAVE ALREADY

COME FROM THE LIPS OF SOME LABOR POLITICIANS AND TRADE  
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UNIONISTS -- COULD MAKE IT MORE DIFFICULT FOR THE UNIONS  
SHOULD THE ELECTION PRODUCE A TORY GOVERNMENT. THE  
PUBLIC POSTURE OF UNION LEADERS, ACCORDINGLY, MUST BE  
ONE OF DISCRETION. FOR THESE REASONS WE BELIEVE IT  
UNLIKELY THAT UNION LEADERS WILL TAKE A DIRECT PART IN  
THE ELECTION CAMPAIGN, THOUGH THEY MAY FEEL IMPELLED  
TO RESPOND TO ARGUMENTS OF BOTH PARTIES, SHOULD THEIR  
ECONOMIC INTERESTS APPEAR TO BE THREATENED.

3. PUBLIC STATEMENTS OF UNION LEADERS ALREADY SHOW  
SIGNS THAT THEY ANTICIPATE AN EARLY GENERAL ELECTION.  
IN ADDRESSING ISSUES WHICH ARE LIKELY TO FIGURE IN THE  
ELECTION CAMPAIGN THEY HAVE SOUGHT, ON THE ONE HAND,  
TO DEMONSTRATE THEIR PREFERENCE FOR A RELATIONSHIP WITH  
A LABOR GOVERNMENT, WHILE ON THE OTHER ATTEMPTING TO  
EMPHASIZE THEIR FREEDOM FROM GOVERNMENT-IMPOSED RES-  
TRAINTS AND WILLINGNESS TO WORK WITH THE NEXT GOVERNMENT,  
REGARDLESS OF ITS PARTISAN STRIPE.

4. THE MAJOR SUBSTANTIVE ISSUES UNION LEADERS ARE  
BEGINNING TO REFER TO IN THE ELECTION RUN-UP ARE: PAY  
POLICY, UNEMPLOYMENT, GENERAL ECONOMIC POLICY, AND  
INDUSTRIAL RELATIONS. THE SHAPE OF THE NEXT ROUND OF  
PAY POLICY, IF ANY, WILL LARGELY DETERMINE THE INDUS-  
TRIAL ENVIRONMENT IN WHICH THE ELECTION OCCURS. OPINION  
POLLS HIGHLIGHT THE IMPORTANCE OF PAY POLICY, INDICATING  
THAT A STRONG MAJORITY OF THE ELECTORATE WISHES TO SEE  
THE EXTENSION OF SOME FORM OF WAGE CONTROLS. THIS  
INDEX, HOWEVER, MAY BE MISLEADING, SINCE THE POLLS ALSO  
REVEAL A PROPENSITY FOR RESPONDENTS TO EXCLUDE THEIR  
OWN JOBS FROM THOSE WHICH SHOULD BE SUBJECT TO WAGE  
LIMITS. THE RESULTS OF RECENT UNION CONFERENCES,  
MOREOVER, INDICATE THERE IS LITTLE LIKELIHOOD THE  
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GOVERNMENT CAN OBTAIN TUC APPROVAL OF AN AGREEMENT  
IMPOSING SPECIFIC WAGE LIMITS. THE GOVERNMENT'S STRA-  
TEGY IN THE FACE OF THIS SITUATION IS TO MAINTAIN A LOW  
PROFILE AND KEEP LINES OF COMMUNICATIONS OPEN WITH UNION  
LEADERS. ONCE THE UNION CONFERENCE SEASON IS COMPLETED,  
IT PLANS TO PUBLISH A WHITE PAPER ON PAY POLICY WHICH  
WILL TRY TO TAKE INTO ACCOUNT THE VIEWS OF UNION LEADERS  
AND THE CURRENT POLITICAL REALITIES. THE HOPE OF THE

GOVERNMENT IS THAT SOME VAGUELY WORDED RESOLUTION CALLING FOR MODERATION IN PAY CLAIMS AND THE EXTENSION OF THE "12-MONTH RULE" TOGETHER WITH SOME COMPRESSION OF THE PAY BARGAINING SEASON CAN BE PUSHED THROUGH THE SEPTEMBER TUC CONFERENCE. THIS WOULD ALLOW THE GOVERNMENT TO GO TO A FALL ELECTION WITH SOME FORM OF WAGE POLICY IN ITS POCKET, BUT BEFORE ITS EFFECTIVENESS IS FULLY TESTED BY THE MORE POWERFUL BARGAINING GROUPS.

5. ACCORDING TO UNION LEADERS, WHILE THERE IS A GENERAL ACCEPTANCE OF THE NEED FOR WAGE RESTRAINT AMONG THE RANK AND FILE, THERE IS LITTLE SUPPORT FOR ANOTHER ROUND OF FORMAL WAGE GUIDELINES, AND OFTEN A GENUINE ANTIPATHY TOWARD IT AMONG LOW AND MIDDLE LEVEL UNION OFFICIALS. THE UNION LEADERSHIP, ACCORDINGLY, IS SEEKING TO COOPERATE WITH THE GOVERNMENT IN FINDING A FORMULATION THAT WILL ENABLE THE GOVERNMENT TO DEMONSTRATE THAT IT IS IN CONTROL OF THE WAGE SITUATION, WHILE SATISFYING THE UNION RANK AND FILE AND THE MORE RESTIVE MIDDLE LEVEL UNION LEADERS. PUBLICLY, UNION LEADERS HAVE EMPHASIZED THAT THE FALLING RATE OF INFLATION WILL MEAN THAT SETTLEMENTS WILL BE MODERATE IN THE COMING YEAR. AS AN ALTERNATIVE TO THE FLAT OR PERCENTAGE LIMITS THAT HAVE CHARACTERIZED PREVIOUS ROUNDS OF WAGE POLICY, THEY ENVISAGE A FLEXIBLE BARGAINING SITUATION COUPLED WITH NATIONAL, NON-MONETARY BARGAINING PRIORITIES ESTABLISHED BY THE TUC AND IMPLEMENTED THROUGH INDIVIDUAL AGREEMENTS. DAVID LIMITED OFFICIAL USE

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BASNETT, THE TUC CHAIRMAN, FOR EXAMPLE, HAS SUGGESTED THAT UNIONS CONCENTRATE ON REDUCING THE WORK WEEK IN THE COMING WAGE ROUND. CHANCELLOR HEALEY, HOWEVER, WANTS TO NAME A NORMATIVE FIGURE, AND THUS FAR AT LEAST

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THE PRIME MINISTER IS SYMPATHETIC TO HIS VIEW.

6. FOR THEIR PART THE CONSERVATIVES ARE EXPECTED TO  
ADVOCATE A RETURN TO FREE COLLECTIVE BARGAINING,  
BELIEVING THAT THIS POSITION WILL BE ATTRACTIVE TO MANY  
UNION MEMBERS AND WILL OBSCURE THE PARTY'S VULNERABILITY  
TO THE BROADER INDUSTRIAL RELATIONS ISSUES. THERE ARE  
SIGNS HOWEVER, THAT THE TORIES WOULD ALLOW ANY PAY DEAL  
STANDING AT THE TIME OF THEIR ELECTION TO RUN ITS COURSE.  
IN THESE CIRCUMSTANCES TORY PHILOSOPHY WOULD BE  
SACRIFICED TO PRAGMATICS. IN GENERAL, THE TORY LEADER-  
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SHIP BELIEVES THAT STRICT MONETARY CONTROLS WOULD  
PREVENT A WAGE FREE-FOR-ALL AND LIMIT POTENTIAL DAMAGE  
TO THE ECONOMY. BUT MANY MODERATE CONSERVATIVES DOUBT  
THAT THIS POLICY IS REALISTIC.

7. THE INITIATIVE ON A REDUCED WORK WEEK IS AN INDICA-  
TION OF THE CONCERN FELT BY BASNETT AND OTHER UNION  
LEADERS THAT THERE IS A NEED TO DIVERT ATTENTION FROM  
THE SIMPLE PAY POLICY ISSUE. IT IS ALSO AN ATTEMPT  
TO PRODUCE A UNION INITIATIVE ON UNEMPLOYMENT. THE 35-  
HOUR WEEK FOR MANUAL WORKERS PROPOSED BY BASNETT WAS  
SUGGESTED AS A MEANS TO STIMULATE EMPLOYMENT. ALTHOUGH  
THE NOTION IS NOT POPULAR WITH THE GOVERNMENT AND IS

ALREADY BEING OPPOSED BY EMPLOYERS, IT DOES CONTAIN SOME POLITICAL ADVANTAGE. APART FROM DIVERTING ATTENTION FROM THE WAGE RATE QUESTION ON WHICH UNION LEADERS CAN GIVE THE GOVERNMENT LITTLE SUPPORT, IT ENABLES THEM TO FOCUS ON THE UNEMPLOYMENT ISSUE. AND UNEMPLOYMENT MAY BECOME A MAJOR CAMPAIGN ISSUE. OPINION POLLS SHOW THAT IT IS OF HIGH AND GROWING CONCERN TO VOTERS, AND AN ISSUE ON WHICH THE GOVERNMENT CURRENTLY ENJOYS A SIGNIFICANT LEAD OVER THE CONSERVATIVES IN TERMS OF ITS PERCEIVED ABILITY TO DEAL WITH THE PROBLEM. AT A LESS GENERAL LEVEL, A NUMBER OF MARGINAL SEATS ARE LOCATED IN AREAS WHERE UNEMPLOYMENT IS 10 PERCENT OR ABOVE. SINCE UNION LEADERS HAVE NOT REACTED STRONGLY TO THE CURRENT UNEMPLOYMENT LEVEL AND HAVE BEEN CRITICIZED FOR THEIR RETICENCE, THEY WILL NO DOUBT WISH TO TAKE A STRONGER LINE WITHOUT UNDERMINING THE GOVERNMENT'S ELECTORAL PROSPECTS. THE REDUCED WORK WEEK SCHEME ALLOWS THEM TO DO THIS WITHOUT CONFRONTATION OR COMMITMENT, AND AT THE SAME TIME IMPLY TO THEIR MEMBERS THAT THINGS WOULD BE MUCH WORSE UNDER A TORY GOVERNMENT BENT LIMITED OFFICIAL USE

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ON REDUCING PUBLIC SPENDING.

8. IN ANOTHER RELATED INITIATIVE, BASNETT INDICATED THE ABSENCE OF ANOTHER ROUND OF FORMAL PAY POLICY WOULD PROBABLY PERMIT THE UNIONS TO BECOME MORE INVOLVED IN FORMULATION OF BROADER ECONOMIC POLICIES. THIS, OF COURSE, WOULD BE CONSISTENT WITH THE THRUST OF THE SOCIAL CONTRACT. IN CALLING FOR BROADER COOPERATION BETWEEN THE GOVERNMENT AND UNIONS ON ECONOMIC MATTERS, BASNETT HAS BEEN SHORT ON SPECIFICS. THE TUC/LABOR PARTY LIAISON COMMITTEE ALREADY PROVIDES A FORUM FOR SUCH CONSULTATION, AT LEAST IN THEORY, BUT DETAILS ABOUT THE INTENT OF BASNETT'S PROPOSALS WILL HAVE TO BE FILLED IN BEFORE ANY MOVEMENT IN THIS DIRECTION OCCURS. THE THRUST OF BASNETT'S SCHEME, HOWEVER, SUGGESTS THAT THE TUC DOES NOT DISPUTE THE SUBSTANCE OF THE GOVERNMENT'S CURRENT ECONOMIC POLICIES, THOUGH IT MAY DISAGREE WITH SOME DISCRETE ASPECTS. THE RATE OF REFLATION IS ILLUSTRATIVE OF SUCH DIFFERENCES IN EMPHASIS, BUT UNION LEADERS RECOGNIZE THE CURRENT CONSTRAINTS ON THE GOVERNMENT AND ARE GENERALLY SATISFIED WITH THE NATURE AND DIRECTION OF CURRENT POLICY.

9. THE BROADER QUESTION OF INDUSTRIAL RELATIONS AND RELATED LEGISLATION COULD PROVE TO BE A PIVOTAL ELECTION ISSUE, THOUGH POPULAR INTEREST IN THESE SUBJECTS IS CURRENTLY LOW. OPINION POLLS, HOWEVER, SHOW THAT THERE IS CONSIDERABLE LATENT CONCERN ABOUT THE CONSERVATIVES'

ABILITY TO WORK COOPERATIVELY WITH THE UNIONS, PRESUM-  
ABLY BASED IN LARGE PART ON MEMORIES OF THE HEATH  
GOVERNMENT IN 1973-74 AS WELL AS SOME MORE RECENT  
STATEMENTS FROM TORY SPOKESMEN. THUS FAR, THE TORIES  
HAVE BEEN ABLE TO DO LITTLE TO ASSUAGE THIS CONCERN OR  
CLOSE THE GAP BETWEEN THEMSELVES AND THE LABOR PARTY ON  
THIS ISSUE. WHILE THE OFFICIAL CONSERVATIVE SPOKESMAN,

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INCLUDING MRS. THATCHER -- OFTEN SPEAK WITH A DIFFERENT  
VOICE, UNDERMINING HIS EFFORTS BY INTIMATING THAT ONCE  
IN POWER THEY WILL MOVE TO REDUCE UNION POWER AND

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INFLUENCE. A RECENTLY LEAKED PAPER FROM AN INFORMAL CONSERVATIVE GROUP, WHILE NOT REPRESENTING OFFICIAL PARTY POLICY, IS A CASE IN POINT. THE TORY DICHOTOMY ON INDUSTRIAL RELATIONS, OF COURSE, REFLECTS FAIRLY DEEP DIVISIONS WITHIN THAT PARTY ON THIS ISSUE, AND CAN HARDLY BE PAPERED OVER DURING A CAMPAIGN PERIOD. THE PROBABLE RESPONSE OF TUC AND LEADING LABOR SPOKESMEN WILL BE TO POINT OUT THE DIFFERENCES WITHIN THE TORY PARTY, QUESTION THAT PARTY'S COMMITMENT TO A COOPERATIVE RELATIONSHIP AND DROP NONE TOO SUBTLE REMINDERS OF THE THREE-DAY WEEK AND HEATH'S CONFRONTATION WITH THE LIMITED OFFICIAL USE

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MINERS. THE GOVERNMENT, OF COURSE, WILL STRESS ITS SUCCESS IN DEALING WITH THE UNIONS, WHILE UNION LEADERS SMILE MODESTLY AND NOD THEIR HEADS. ON THE FRINGES OF THE LABOR PARTY THE RHETORIC IS LIKELY TO BE MORE PUNGENT.

10. AS THE RUN-UP TO THE CAMPAIGN DEVELOPS WE EXPECT LABOR POLITICIANS TO PLACE INCREASING EMPHASIS ON THIS ISSUE, SEIZING EVERY POSSIBLE OPPORTUNITY TO REINFORCE DOUBTS ABOUT MRS. THATCHER'S ABILITY TO GET ALONG WITH THE UNIONS. TORY DISTASTE FOR THE CLOSED SHOP, PARTICULARLY, LOOKS LIKE A POSSIBLE AREA FOR TORY PROMPTED ELECTORAL CONFRONTATION, SINCE OPINION POLLS REVEAL THEY HAVE SOME POPULAR SUPPORT, EVEN AMONG UNION MEMBERS. BUT WHETHER THE TORIES CAN ISOLATE THIS PARTICULAR SUBJECT FROM THE BROADER INDUSTRIAL RELATIONS QUESTION WITHOUT UNDERMINING THEIR OWN CREDIBILITY IS PROBLEMATIC.

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## Message Attributes

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